



# HOUSE BUDGET COMMITTEE

## Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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April 28, 2005  
4:45 pm

*Republicans did not file the budget resolution conference report until 2:45 pm today. The conference report did not become available for review by Democrats until that time. Within this constraint, this document reflects the House Budget Committee Democratic staff's best analysis based on the information available.*

## Vote NO on FY 2006 Budget Resolution Conference Report

Today the House approved a “martial law” rule allowing for same-day consideration of the budget resolution conference report, which was filed at 2:45 pm today. House consideration of the budget resolution today will mean that Members have been provided with only the most limited amount of time to review the \$2.6 trillion budget before floor consideration. Nevertheless, it is clear that the Republican budget resolution conference report being considered by the House today mirrors the misplaced priorities contained in the President’s budget and in the House-passed and Senate-passed budget resolutions. Democrats voted unanimously against the House Republican budget, and this conference report does not represent any improvement on that budget.

### Overview

- The budget resolution conference report mirrors the President’s budget by **using every penny of the Social Security trust fund surplus** to help finance the Republican deficits.
- Like the President’s budget, the budget resolution conference report **makes the deficit bigger**, not smaller, over the next five years— while failing to reveal the full extent of the fiscal damage caused by Republican policies.
- Like the President’s budget, the budget resolution conference report **cuts funding for key services, such as Medicaid**, that Americans rely on.
- Like the President’s budget, the budget resolution conference report **makes room for new tax cuts** likely to be targeted largely to those who need help the least.
- According to House rules, enactment of the budget conference report automatically spins off a separate House bill to **increase the debt limit** without a separate vote.

***Conference Report Creates Larger Deficits*** — Since President Bush took office four years ago, a \$5.6 trillion projected ten-year surplus has vanished and been replaced with record deficits. Over the next ten years, the Congressional Budget Office (CBO) now estimates deficits totaling \$2.6 trillion under the President's budget. Yet, the budget resolution conference report presents no plan to bring the budget back to balance, and, in fact, makes the deficit \$167.5 billion worse over the next five years. The conference report also fails to reflect the full extent of the fiscal deterioration caused by Republican policies, such as tax cuts and Social Security privatization.

***Conference Report Includes Harmful Cuts, With \$34.7 Billion Under Reconciliation*** — To help finance its new tax cuts, the budget resolution conference report includes cuts that are harmful to key services while making only a small dent in the Republican deficits. The cuts fall on both the mandatory and discretionary sides of the budget. On the mandatory side, the conference report directs House and Senate committees to cut mandatory spending by \$34.7 billion over five years under fast-track reconciliation procedures.

<b>Budget Resolution Conference Report Reconciled Spending Cuts, 2006-2010</b> (Billions of dollars)			
<u>House Committees</u>		<u>Senate Committees</u>	
Agriculture	-3.000	Agriculture, Nutrition, and Forestry	-3.000
Education and the Workforce	-12.651*	Banking, Housing and Urban Affairs	-0.470
Energy and Commerce	-14.734	Commerce, Science, and Transportation	-4.810
Financial Services	-0.470	Energy and Natural Resources	-2.400
Judiciary	-0.300	Environment and Public Works	-0.027
Resources	-2.400	Finance	-10.000
Transportation & Infrastructure	-0.103	Health, Education, Labor, and Pensions	-13.651*
Ways and Means	-1.000	Judiciary	-0.300
<b>Total, 2006-2010</b>	<b>-\$34.658</b>	<b>Total, 2006-2010</b>	<b>-\$34.658</b>

The resolution requires House and Senate committees to report reconciliation bills cutting spending by September 16, 2005.

\*The resolution specifies that this cut is for the period 2005-2010.

***Details on Reconciled Cuts*** — The budget resolution cannot require that authorizing committees meet their targets with any particular policy changes. Nevertheless, the numbers assigned to the House committees appear to assume policy changes including the following:

**Medicaid cuts** — The cuts to Medicaid are reportedly \$10 billion over five years — consistent with the instruction to the Senate Finance Committee, which has jurisdiction

over Medicaid in the Senate. However, the cut in the House reconciliation bill could be as high as the entire Energy and Commerce instruction of \$14.7 billion over five years.

**Education and Pension Cuts** — The conference report requires the House Education and the Workforce Committee to cut mandatory spending by \$12.7 billion over six years (2005-2010). Of that amount, the resolution reportedly assumes \$5.6 billion in savings from changes to the Pension Benefit Guaranty Corporation (another \$1 billion of pension-related savings is reportedly reconciled to the Ways and Means Committee). The rest would likely come from cutting student loan programs, although the committee could also cut child nutrition, vocational rehabilitation, or the Federal Employees' Compensation Act.

**Arctic National Wildlife Refuge Drilling Receipts** — Although the budget resolution conference report does not *explicitly* assume revenues from drilling in the Arctic Refuge, this policy could be accommodated in a reconciliation bill under the terms of the budget resolution. The House Resources Committee and the Senate Energy and Natural Resources Committee each have reconciliation instructions to cut spending by \$2.4 billion over the 2006-2010 period. (CBO estimates that opening the Arctic to drilling will net \$2.5 billion in receipts over the 2006-2010 period to the federal government, after distribution of the same amount to the State of Alaska.) The Senate Budget Committee Chairman noted that those reconciliation instructions make it possible to use the budget process to open the Arctic Refuge to drilling while protecting this initiative from a Senate filibuster. H.R. 6, the energy bill that passed the House on April 21, 2005, explicitly authorized drilling in the Arctic National Wildlife Refuge.

**Agriculture Programs Cut** — The conference report requires the House and Senate Agriculture Committees to cut \$3 billion in spending over five years. These cuts could affect farm programs and/or food stamps.

**Conference Report Cuts Non-Defense Discretionary Funding** — The conference report provides \$843.0 billion for non-emergency discretionary funding for 2006, and provides an additional \$50 billion in emergency funding for military operations in Iraq and Afghanistan for 2006. As shown in the table on the next page, the conference report cuts 2006 non-defense discretionary (NDD) funding below the 2005 enacted level by \$4.0 billion and by \$12.1 billion below the amount needed to maintain services at the current level (the "baseline"). Over five years (2006-2010), NDD is cut by \$149.7 billion below the current services level.

## 2006 Budget Resolution Conference Report Cuts Non-Defense Appropriations

(Budget Authority in Billions of Dollars)

	<b>2005 Enacted</b>	<b>2006 Baseline</b>	<b>2006 Budget</b>	<b>Budget +/- Baseline</b>
Non-Defense Funding	408.0	416.1	404.0	-12.1
National Defense	420.6	431.2	439.0	7.7
<b>Total Non-Emergency Funding</b>	<b>828.6</b>	<b>847.3</b>	<b>843.0</b>	<b>-4.3</b>
Iraq supplemental funding	pending	n.a.	50.0	n.a.
Disaster/other emergencies	11.5	n.a.	n.a.	n.a.
<b>Total including emergencies</b>	<b>840.0</b>	<b>n.a.</b>	<b>893.0</b>	<b>n.a.</b>

*To date, no 2005 funding for the war has been enacted, but the House and Senate have passed separate supplemental funding bills of about \$81 billion for 2005. National Defense is Function 050, which includes the Department of Defense and nuclear weapons-related activities of the Department of Energy.*

***Conference Report Includes Costly Tax Cuts*** — The conference report includes \$106 billion over five years in new deficit-financed tax cuts, with \$70 billion of that total included in fast-track reconciliation instructions. Tax-writing committees are instructed to report the tax reconciliation bills by September 23. The tax cuts accommodated by the budget resolution will likely be targeted largely to those who need help the least. By providing only five years of numbers, the conference report dramatically understates the true size of the Republican tax agenda.

***A Vote for the Conference Report Is A Vote to Increase the Debt Limit*** — Under the House rules, the vote in the House to adopt the budget resolution conference report is also a vote to increase the debt limit. House Rule XXVII (the “Hastert Rule”) dictates that an enacted budget resolution conference report automatically spins off a separate House bill to increase the debt limit without a separate vote. According to the statement of managers accompanying the conference report, this additional bill would increase the debt limit by \$781 billion.

***House Democrats Put Forward a Better Budget*** — The 2006 House Democratic budget had smaller deficits every year than the conference report, and accumulated less debt as a result. The House Democratic budget reached balance in 2012, while the Republican conference report never reaches balance. The House Democratic budget also rejected the harmful cuts included in this conference report, protecting the key services threatened by the Republican budget.